

**CITY OF BELLEVUE
ENVIRONMENTAL SERVICES COMMISSION
MEETING MINUTES**

**Thursday
April 1, 2010
6:30 p.m.**

**Conference Room 1E-112
Bellevue City Hall
Bellevue, Washington**

**Open House for Proposed Bellevue Utilities CIP Projects – 5:30PM
Regular Meeting – 6:30PM**

FAREWELL TO COMMISSIONER CARTER

Director of Utilities Denny Vidmar bid Commissioner Jenni Carter farewell. He explained that Dr. Davidson had intended to be here tonight, but was ill. On behalf of Dr. Davidson he expressed appreciation to the Commission, in general, for their service to the City. He then expressed appreciation to Commissioner Carter, in particular, for her environmental advocacy and her balanced, analytical, and respectful approach. He presented her with a plaque to express the City's appreciation.

COMMISSIONERS PRESENT: Brad Helland (Chair Pro Tem), Keith Swenson, Jim Roberts and Jenni Carter

COMMISSIONERS ABSENT: Ticson Mach; David Mahon

OTHERS PRESENT: Wes Jorgenson, Pam Maloney, Denny Vidmar, Nav Ota

MINUTES TAKER: Laurie Hugdahl

1. CALL TO ORDER:

The meeting was called to order by Chair Pro Tem Helland at 6:36 p.m.

2. ORAL COMMUNICATIONS - None

3. APPROVAL OF AGENDA

Motion made by Commissioner Carter, seconded by Commissioner Swenson, to approve the agenda. Motion passed unanimously (4-0).

4. APPROVAL OF MINUTES

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Commissioner Roberts referred to the Follow up Questions and Answers on page 3 and noted that it should state that the answers would be deferred to this meeting.

Motion made by Commissioner Roberts, seconded by Commissioner Swenson, to approve the minutes as presented. Motion passed unanimously (4-0).

5. PUBLIC MEETING ON PROPOSED UTILITIES CIP FOR 2011-2017

- Utilities CIP Update (Memo)
- Invite Public Comments

Chair Pro Tem Helland called the public meeting to order at 6:39 p.m. and solicited public comments. There were none. He then reviewed the purpose of the hearing and invited staff to do the presentation.

Staff Presentation:

Pam Maloney, Water Resources Planning Manager for the Utilities Department, stated that staff had hosted an open house tonight for the public with a relatively robust turnout. She gave some background to the proposed Utilities CIP Update and summarized the proposed changes. She explained that staff is recommending removing the 8% compounded interest from all projects for 2011-2017. This is in order to reflect the economic reality that we have not had inflation in 2009 and 2010, although there had been 4% per year built into the CIP for those years. Also, after considering the ESC's comments from the last meeting and having discussions with the city's budget office, staff is proposing to project inflation for the years beyond that at 4% per year. She commented that they will be revisiting this issue every two years so if this forecast requires adjustment, we will be able to do so. She referred to materials she had distributed to each of the commissioners in response to questions raised by the Commission at the last meeting. She also reviewed materials showing the impact of inflation forecasts at 4% per year and handouts showing updated information.

Ms. Maloney reminded the Commission that the new project proposals, which are all driven by land use changes, reflect the worst-case scenario of all the streets being built at the rate they were expecting two years ago. Because of the Commission's previous concerns about fronting development she reviewed a handout she had prepared showing the most aggressive worst-case scenarios compared with most-likely scenarios. She commented to the audience that for projects that are driven by construction, Bellevue's policy is that *Growth pays for growth*. We have to raise capital initially to be able to build the infrastructure, but then new development must pay a connection charge to connect, which is their proportionate share of those improvements. Those payments go to the R&R fund, which 'buys down' the need for future rate increases.

Chair Pro Tem Helland asked what the purpose was of breaking these out into *All New Project Proposals* and *More Likely New Project Proposals*. Ms. Maloney explained that the Transportation Department and the Utilities Department had discussed what they would realistically be able to come forward with. She added

that there is still a big gap in the General Fund between those projects that staff would like to do and the ones that they will be able to do. She brought this forward because of the Commission's concerns about the rate implications of fronting all the money in the worst-case scenario. The economic realities have resulted in the *likely* project list. Mr. Jorgenson added that in the budget process these utilities projects would be classified as a *child to the parent proposals*, with the *parent proposals* being the roadway projects. If the roadway projects don't go forward, the utilities projects won't either.

Commissioner Swenson asked about the impact of changing the rate of inflation from 3.25% to 4%. Ms. Maloney explained that it would mean slightly less "savings" than they had discussed last week with the 3.25%.

Public comments were then solicited. There were no comments.

The public meeting was closed at 7:00 p.m.

6. COMMISSION'S ENDORSEMENT OF PROPOSED UTILITIES CIP FOR 2011-2017.

Ms. Maloney requested a verbal endorsement from the Commission.

Discussion:

Pro Tem Helland asked why it was important to change from 3.25% to 4%. Ms. Maloney stated that it is closer to the mean of several indices we checked, rather than 3.25%. It is also closer to what other entities are using. Based on historical data, Commissioner Carter said she is more comfortable with 4% than 3.25%. Pro Tem Helland commented that if the number is too low it will reflect lower costs than they will actually see. Commissioner Roberts pointed out that they would review this every two years and can adjust it if they need to.

Motion made by Commissioner Roberts, seconded by Commissioner Swenson, to endorse the proposed Utility CIP. Motion passed unanimously (4-0).

7. FOLLOW-UP QUESTIONS/ANSWERS

Mr. Jorgenson followed up on questions asked by commissioners by reviewing the answers contained in the ESC's packet. He explained that they were still collecting data in response to Chair Pro Tem Helland's question regarding utilities extension projects and collection of fees.

He reviewed the status of the Eastgate annexation. Mr. Jorgenson explained that the answer in the packet had been provided by Nicholas Matz, Senior Planner in the City Planning & Community Development Department. Commissioner

Roberts then commented that years ago he had asked why they didn't annex Eastgate and he was told it would be more trouble than it would be worth to the City. He wondered why they were suddenly interested in acquiring unincorporated King County there. Mr. Jorgenson stated that the general expectation is that urban areas will be managed by municipal government as opposed to King County. It is very inefficient for King County to manage Eastgate.

Mr. Jorgenson then responded to Chair Pro Tem Helland's earlier question regarding illicit discharge enforcement actions. Chair Pro Tem Helland commented that the answer implies that an inspection is only done if there is a complaint. Mr. Jorgenson concurred and added that an inspection would also be done if there was a notice of an illicit discharge (for example, by a community member). Chair Pro Tem Helland asked when they might see more discussion on the stormwater topic. Mr. Jorgenson replied that this was just being implemented this year so he expected they would see a report incorporated into the annual NPDES reports after the end of the year.

Chair Pro Tem Helland referred to his pending question and clarified that his question is: *How much interest is escaping us because of the 10-year limit?* Mr. Jorgenson discussed the history of the City's policy regarding extensions. He asked if the Commission would like to have a discussion regarding this item as an agenda item. Chair Pro Tem Helland said he would first like to receive this information and then make that decision. If they are not losing much in interest there's probably no reason to consider changing the policy.

Commissioner Swenson asked if this would really continue to be an issue in the future since he thought that the number of septic tanks was diminishing to zero. Mr. Jorgenson explained that septic tanks are actually still being permitted. He explained that the sewer extension program was initiated in the early to late 80's in response to Council's concern about septic. The concerns about septic tanks are still there. The sewer extension program was an effort to extend systems to allow development and redevelopment to take place and to try to prevent the continuing proliferation of septic. In the early years it was more of an environmental investment than a financial concern. Commissioner Roberts asked about areas that still have septic tanks. Mr. Jorgenson explained that Bridle Trails has a unique policy that says the City will not extend sewers in that sub-area. There are also pockets of septic tanks in the area west of Factoria mall, the Eastgate area, older parts of Cougar Mountain, and other areas.

Mr. Jorgenson then distributed a response to an additional question regarding explanations for unusual revenues in the CIPs. Ms. Maloney said that the Finance Department had explained that the *Miscellaneous Revenues* are a rollup of revenues to specific projects since the inception of the project. Back in the 80's they allowed interest to accrue to funds within the projects so *Miscellaneous* in some cases means interest was accrued.

Commissioner Roberts asked if they received payments or a lump sum for the judgments and settlements from Coal Creek. Ms. Maloney said they received a lump sum which had to be spent on those specific projects, per the agreement. Mr. Jorgenson discussed another recent court case which the City had just won.

8. REPORTS & SUMMARIES

a. ESC Calendar/Council Calendar

Highlights of the ESC Calendar:

- The CIP tour has been scheduled for September 2.
- August will be a recess.
- Some items have been changed to management reports rather than presentations, at the Commission's request.

Jim Roberts referred to the Council Calendar and asked about the Coal Creek Interim Culvert Repair being presented to Council. Mr. Jorgenson explained that this was the minimum of work needed to make it last until we replace it. Staff will also be looking at the option of accelerating the Coal Creek project as an alternative. The concern is that once the culvert starts to unravel it will be very hard to secure it.

Commissioner Swenson asked if there have been any impacts on this project with respect to the Olympic Pipeline fuel supply to SeaTac. Commissioner Roberts discussed some minor work he had observed that Olympic Pipeline was doing recently. Commissioner Swenson thought that it was something major that they were talking about. Mr. Jorgenson indicated he would look into it further and get back to the Commission.

b. Desk Packet Material(s) - None

c. Conservation & Outreach Events & Volunteer Opportunities

9. NEW BUSINESS - None

10. ELECTION OF CHAIR

Motion made by Commissioner Roberts, seconded by Commissioner Carter, to nominate Chair Pro Tem Helland for Chair. Motion passed unanimously (4-0).

Motion made by Commissioner Roberts, seconded by Commissioner Swenson, to postpone the election of a Vice Chair to the next meeting when more members of the Commission are here. Motion passed unanimously (4-0).

- 11. DIRECTOR'S OFFICE REPORT - None**
- 12. CONTINUED ORAL COMMUNICATIONS - None**
- 13. EXECUTIVE SESSION - None**
- 14. ADJOURNMENT**

Motion made by Commissioner Swenson, seconded by Commissioner Roberts, to adjourn the meeting at 7:40 p.m. Motion passed unanimously (4-0).